



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached statement.

Blank lined area for question 17.

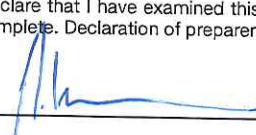
18 Can any resulting loss be recognized? ▶ See attached statement.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached statement.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here  
 Signature ▶  Date ▶ December 24, 2018

Print your name ▶ Dr. Doron Herman, Adv. Title ▶ Head of Tax

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

## Attachment to Form 8937 — Report of Organizational Actions Affecting Basis of Securities

### Teva Pharmaceutical Industries Limited (NYSE: TEVA)

#### Part II

**Question 14:** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

On December 15, 2018, Teva Pharmaceutical Industries Limited's outstanding 7.00% Mandatory Convertible Preferred Shares ("**Preferred Shares**") became automatically convertible into American depository shares of Teva Pharmaceutical Industries Limited ("**ADSs**") at a conversion rate of 19.0262<sup>1</sup> ADSs per Preferred Share. Because December 15, 2018 was not a business day, the conversion was processed on the next succeeding business day, December 17, 2018. In lieu of fractional ADSs, a holder received cash at a rate of \$18.5049<sup>2</sup> per ADS. Please see the Prospectus dated November 30, 2015, as supplemented on December 2, 2015, for more information.

**Question 15:** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

Under Internal Revenue Code ("**IRC**") §§ 354, 358 and 368, the tax basis in the ADSs received upon the mandatory conversion of the Preferred Shares generally equaled the tax basis of the Preferred Shares that was converted, but reduced by the portion of basis allocable to the cash the holder received in lieu of a fractional ADS in accordance with the proportion of ordinary and fractional ADSs received on conversion.

The basis allocable to the cash that a holder received in lieu of a fractional ADS is the same portion of the holder's basis that would be allocated to the fractional ADS if the holder had received a fractional ADS. The following is an illustrative example of the manner in which a holder would allocate its basis among the ADSs received upon conversion of one Preferred Share, assuming the holder's basis in such share was the issuance price of \$1,000:

	<b>Hypothetical ADSs</b>	<b>Actual (Whole) ADSs</b>	<b>Fractional ADSs</b>
<b>Per Preferred Share</b>	19.0262	19	.0262
<b>Basis</b>	\$1,000.00	\$998.62	\$1.38
<b>Cash</b>	--	--	\$0.4848

<sup>1</sup> Includes 16 ADSs per preferred share for liquidation preference, and 3.062 ADSs per preferred share for accrued but unpaid dividends.

<sup>2</sup> This is the Average Price (based on 5-day VWAP).

Given a conversion rate of 19.0262 ADSs per Preferred Share, the holder therefore received nineteen ADSs and cash in lieu of its fractional ADS of \$0.4848 (0.0262, multiplied by the ADS price of \$18.5049). The holder would then allocate its original basis of \$1,000 as follows:

Each ADS received upon conversion would be allocated a basis of approximately \$52.56 (the aggregate original basis divided by the conversion rate,  $\$1,000/19.0262$ ), including, ratably, the fractional ADS in lieu of which the holder received cash. In this case, the holder would allocate its fractional ADS approximately \$1.38 of basis (the new basis in each share, multiplied by the fraction of an ADS that the fractional ADS represented, or  $\$52.56 \times 0.0262$ ). The remaining basis would be allocated ratably among the whole number of ADSs actually received (an aggregate basis in its nineteen ADSs of \$998.62, or approximately \$52.56 in each of its nineteen ADSs).

Holders should consult their own tax advisors as to the particular tax consequences to them of the transaction. Please see the Prospectus dated November 30, 2015, as supplemented on December 2, 2015, for more information.

Question 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates

See above, Question 15.

Question 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

Generally, IRC §§ 354(a), 358(a)(1) and (b)(1), and 368(a)(1)(E) are applicable.

Question 18: Can any resulting loss be recognized?

Cash received in lieu of fractional ADSs will generally result in capital gain or loss equal to the difference between the amount of cash received and the shareholder's tax basis in the ADS that is allocable to the fractional ADS. A holder is expected to have capital loss to the extent the tax basis in such fractional ADS exceeds the amount of cash received.

Holders should consult their own tax advisors as to the particular tax consequences to them of the transaction. Please see the Prospectus dated November 30, 2015, as supplemented on December 2, 2015, for more information.

Question 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year

For a holder whose taxable year is the calendar year, the reportable year is 2018.

Shareholders should consult their own tax advisors as to the particular tax consequences to them of the transaction.